

Message Text

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46

ACTION EA-14

INFO OCT-01 NEA-14 ISO-00 EB-11 SP-03 AID-20 NSC-07 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 AGR-20 H-03 COA-02 DLOS-07 IO-14 INT-08

DODE-00 PA-04 USIA-15 PRS-01 FEA-02 SCI-06 DRC-01

/225 W

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R 080810Z JUL 74

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC 4726

INFO AMEMBASSY JIDDA

AMEMBASSY TOKYO

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E.O. 11652: N/A

TAGS: ETRD, SA, KS

SUBJECT: KOREA AND SAUDI ARABIA SIGN ECONOMIC COOPERATION
AGREEMENT

REF: (AL SEOUL 3353

(B) SEOUL 1251

SUMMARY: SAYED OMAR AL SAKKAF, SAUDI ARABIAN MINISTER OF STATE FOR FOREIGN AFFAIRS, WOUND UP FOUR-DAY VISIT TO ROK ON JULY 4 WITH SIGNING OF ECONOMIC AND TECHNICAL COOPERATION AGREEMENT. ACCORD IS GENERAL IN NATURE AND ESSENTIALLY SAME AGREEMENT DRAFTED ON OCCASION KOREAN TRADE MISSION VISIT TO SAUDI ARABIA IN LATE APRIL, EARLY MAY. VISIT WAS LARGELY CEREMONIAL AND LITTLE OF SIGNIFICANCE HAS YET DEVELOPED WITH RESPECT TO ROK'S EARLIER PROPOSALS ON SPECIFIC ECONOMIC AND TECHNICAL PROJECTS. END SUMMARY

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1. SAYED OMAR AL SAKKAF, MINISTER OF STATE FOR FOREIGN AFFAIRS OF

SAUDI ARABIA, DEPARTED ROK JULY 4 FOLLOWING FOUR-DAY, LARGELY CEREMONIAL, VISIT. HIGHLIGHT OF VISIT CAME ON MORNING OF DEPARTURE WITH SIGNING OF ECONOMIC AND TECHNICAL COOPERATION AGREEMENT BETWEEN TWO COUNTRIES. MINISTER OF FOREIGN AFFAIRS DONG JO KIM SIGNED FOR ROK.

2. MINISTRY OF COMMERCE AND INDUSTRY (MCI) AND MINISTRY OF FOREIGN AFFAIRS (MOFA) SOURCES CONFIRMED THAT ECONOMIC AND TECHNICAL AGREEMENT IS ESSENTIALLY SAME AGREEMENT DRAFTED IN SAUDI ARABIA DURING VISIT OF ROK TRADE MISSION IN LATE APRIL, EARLY MAY AS REPORTED REF (A). ONLY SIGNIFICANT CHANGE WAS INCLUSION OF VALIDITY PERIOD OF FIVE YEARS, WITH AGREEMENT TO BECOME EFFECTIVE FROM DATE EACH COUNTRY NOTIFIES OTHER THAT REQUIRED MEASURES TO PUT ACCORD INTO EFFECT HAVE BEEN TAKEN. AGREEMENT IS GENERAL IN NATURE AND CONSTITUTES ONLY AN UMBRELLA UNDER WHICH AGREEMENTS CALLING FOR SPECIFIC ACTIONS CAN BE NEGOTIATED.

3. IN COURSE OF STAY, MINISTER SAKKAF CALLED ON PRESIDENT, PRIME MINISTER, DEPUTY PRIME MINISTER AND MINISTER OF ECONOMIC PLANNING BOARD, FOREIGN MINISTER AND MINISTER OF COMMERCE AND INDUSTRY. THERE WERE NO TECHNICAL LEVEL DISCUSSIONS DURING VISIT, AND CALLS ON EPB AND MCI WERE LIMITED TO EXCHANGE OF COURTESIES. MINISTER SAKKAF ALSO RECEIVED HONORARY DOCTORATE OF LITERATURE FROM HANKUK UNIVERSITY FOR FOREIGN STUDIES. ACCORDING ROK SOURCES, HE MADE TRIP TO SEOUL FOLLOWING CONCLUSION OF CONFERENCE OF FOREIGN MINISTERS OF MOSLEM COUNTRIES HELD IN KUALA LUMPUR.

4. JOINT COMMUNIQUE ON VISIT REFERS TO SAUDI ARABIA'S INTENTION TO OPEN EMBASSY IN SEOUL. PRESS ACCOUNTS, CITING RELIABLE DIPLOMATIC SOURCES, INDICATE THIS TO OCCUR BEFORE END OF JULY, BUT SOME MOFA OFFICIALS CONTACTED WERE DUBIOUS IT WOULD BE ACCOMPLISHED THAT SOON. THIS WILL BE FIRST EMBASSY OF AN ARAB NATION IN SEOUL.

5. MR. KIM, HYON CHIN, CHIEF OF ECONOMIC COOPERATION DIVISION, MOFA, NOTED THAT, APART FROM MINISTER SAKKAF'S VISIT, SAUDI ARABIAN MINISTRY OF AGRICULTURE HAS MADE OFFICIAL REQUEST FOR ROK FISHERIES TECHNICIANS. HE SAID PROCESS OF SELECTION OF ONE OR TWO TECHNICIANS IN FINAL STAGES. HE EXPECTED ROK TO FOLLOW-UP WITH REQUEST FOR SAUDI TECHNICIANS, BUT WAS UNCERTAIN AS TO WHAT LIMITED OFFICIAL USE

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FIELD MIGHT BE SELECTED. NOTING THAT SAUDIS SEEMED UNSURE ROK HAD ALL THAT MUCH TO OFFER IN WAY OF TECHNICAL EXPERTISE, HE THOUGHT SAUDIS LIKELY TO SEE HOW INITIAL ROK TECHNICIANS PERFORM BEFORE CONSIDERING EXPANSION OF PROGRAM.

6. AMONG OTHER ECONOMIC ITEMS THAT WERE SUBJECT EARLIER DISCUSSIONS REPORTED REFTELS, KIM SAID NOTHING FURTHER HAS DEVELOPED AS YET WITH REGARD POSSIBLE SAUDI FINANCING FOR NEW OIL REFINERY,

ESTABLISHMENT OF JOINT TRADING COMPANY OR POSSIBILITY OF JOINT VENTURE PLANTS IN SAUDI ARABIA. HE ALSO EXPLAINED THAT KOREAN CONSTRUCTION FIRMS ARE SIMPLY PARTICIPATING IN INTERNATIONAL BIDDING FOR CONSTRUCTION PROJECTS AND BILATERAL AGREEMENTS FOR SUCH PROJECTS NOT ANTICIPATED. KOREAN PRESS DID CARRY STORIES IN MID-JUNE TO EFFECT THAT SAUDI DEPUTY COMMERCE-INDUSTRY MINISTER M.A. TAIBA SIGNED CONTRACT WITH SSONGYANG CEMENT CO. CALLING FOR 360,000 METRIC TONS OF CEMENT TO BE PURCHASED OVER PERIOD OF ONE YEAR.

7. WHILE LITTLE IN WAY OF SUBSTANTIVE NATURE ACCOMPLISHED DURING SAKKAF VISIT, FACT HE CHOSE TO MAKE OFFICIAL CALL ON ORK AND TO PROCEED WITH FORMAL SIGNING OF ECONOMIC AND TECHNICAL AGREEMENT, TOGETHER WITH APPARENT INTENTION SAUDIS TO ESTABLISH EMBASSY HERE, INDICATE SAUDIS AT LEAST WILLING TO EXPAND FORMAL TIES BETWEEN TWO NATIONS. EXTENT TO WHICH THIS MAY EVENTUALLY RIPEN INTO WIDER ECONOMIC TIES BETWEEN THEM REMAINS TO BE SEEN. AS SUGGESTED PARA 5 AND 6 ABOVE, SAUDIS HAVE SO FAR BEEN VERY CAUTIOUS ABOUT MOVING BEYOND AGREEMENTS QTE IN PRINCIPLE UNQTE SUCH AS THOSE REPORTED REF (A).

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